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STATE FOR EUR/CARC AND EEB/TPP/MTA
STATE PASS USTR FOR PAUL BURKHEAD AND CECILIA KLEIN

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TAGS: [ETRD](#) [PREL](#) [WTO](#) [USTR](#) [GG](#) [RU](#)
SUBJECT: GEORGIA FREEZES NEGOTIATIONS WITH RUSSIA ON WTO
MEMBERSHIP

REF: TBILISI 343

Classified By: Ambassador John F. Tefft, reason 1.4(b) and (d).

¶1. (C) On April 28 the GOG issued a statement to the members of the working party on the accession of the Russian Federation to the World Trade Organization (WTO) wherein it announced that it is temporarily halting its bilateral negotiations with Russia until Russia rescinds the instructions issued by President Putin on April 16 to "interact" with the de facto regimes in Abkhazia and South Ossetia, "including organizing cooperation in the trade, economic, social and techno-scientific fields."

¶2. (C) Up to now, the Georgians have insisted that only one issue must be resolved with Russia, that is an agreement on the application of Georgian law to the presently unauthorized border crossing points between Abkhazia and South Ossetia. The Georgians have told us that the Russian side had agreed in principle to the establishment of Georgian checkpoints there in a proposal put forth in Geneva in February by the Russian Ministry of Trade. Although that fact was later denied by the Russian MFA in a press statement, the Georgians have showed us the Russian proposal in writing (reftel). Up to April 16, the Georgian side was working with the Russians to elaborate that agreement, especially as regards the status and safety of Georgian officials who might be stationed on the border.

¶3. (C) The Georgians now are insisting in their statement that Russia has an obligation under GATT article X to publish trade related rules. The Russians have not yet revealed the actual text of Putin's instructions, providing only a statement from the Russian MFA that gives the gist of them. They also contend that special new rules for South Ossetia and Abkhazia violate WTO obligations to treat all parts of Georgian customs territory equally. It is difficult to evaluate to what extent Putin's instructions comply with GATT article X and XXIV until they are made public. The GOG also notes that any special treatment of Abkhazia and South Ossetia, as part of Georgia, will have to be extended to the United States and other WTO member states, which they say is of systemic concern to all WTO members.

¶4. (C) The same day Russia issued a statement by its delegation to the WTO working party that it does not consider it necessary to notify the new rules to the WTO and that the MFA's April 16 statement is sufficient for all purposes. It expressed its willingness to continue the bilateral negotiations with the Georgians.

¶5. (C) Georgia's acting Foreign Minister, Grigol Vashadze, has approached the Ambassador seeking USG support for its position in this matter. We suggest that Russia should make clear the substance of Putin's instructions and any changes

to its trade regime, or any of its policies toward South Ossetia and Abkhazia, for that matter -- whether or not they are required to do so by the GATT. The latter point we leave to WTO experts. The WTO Secretariat has made it clear that Georgia is within its rights to insist on a resolution of the border crossing issue, and to withhold its assent to the accession process moving to the multilateral phase until that is accomplished. We believe the Georgians' concern that the vague intentions expressed in the April 16 MFA statement could seriously complicate its trade relationship with Russia in general, and the border crossing issue in particular, merit serious consideration. A temporary halt to the bilateral negotiations would seem to be reasonable and justifiable in that light.

TEFFT